OPEN MEETING



MEMORANDUMENES

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TO:

THE COMMISSION

FROM:

Utilities Division

DATE:

November 4, 2009

RE:

TUCSON ELECTRIC POWER COMPANY'S PROPOSED REVISIONS TO

PRICING PLAN PS-40 MUNICIPAL SERVICE (DOCKET NOS. E-01933A-

07-0402 AND E-01933A-05-0650)

On June 12, 2009, Tucson Electric Power Company ("TEP" or "Company") docketed proposed revisions to its existing Pricing Plan PS-40 Municipal Service tariff ("PS-40"). The proposed revisions would allow qualifying municipal customers to receive electric service at primary voltage levels under PS-40. TEP's primary service is defined as service delivered to customers' sites at normal distribution or sub-transmission voltage levels (Rules and Regulations, Section 9, Article B). Primary voltage levels are nominally in the 8-13.8 kV or 46 kV ranges, and are usually requested by customers with large power requirements (e.g. demands greater than 2,500 kW). By comparison, secondary voltage levels are nominally in the 120/240-277/480 volt ranges (TEP Rules and Regulations, Section 9, Article A), and are usually requested by average size residential and commercial customers. Primary voltage service level options are becoming increasingly more desirable for Arizona municipalities in direct proportion to the increasing interest in constructing new solar projects. TEP believes that the proposed primary option would benefit existing primary and secondary service municipal customers (e.g. Pricing Plan LGS-13, approximately 600 customers; and, Pricing Plan GS-10, approximately 32,500 customers) by providing an opportunity to opt for potentially more favorable rates under PS-40 compared to LGS-13 and GS-10 rates, respectively (Attachment 1). What is not apparent from Attachment 1 is that Load Factors significantly impact the economic metrics of monthly billing differences between the three rate schedules (Attachment 2).

At 45 percent load factor, Attachment 1 illustrates potential annual savings in the amount of approximately \$16,800 and \$10,300 for LGS-13 and GS-10 municipal customers, respectively if they move to PS-40.

Annual savings for municipal customers are modest at best, and depending on load factor, municipal customers may incur annual revenue "losses" (Attachment 2). Therefore Staff asked TEP to identify factors, other than potential modest revenue savings, that would motivate existing and prospective municipal customers to choose PS-40 over General Service schedules 13 and 10. TEP's responses are discussed in detail below.

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Staff's Findings and Recommendations

TEP's responses to Staff's data requests provided the data contained in the above referenced Attachments 1 and 2. In addition to the potential annual savings discussed above, TEP offered the following insight into the reasons TEP proposed adding a primary service option to PS-40: 1) current secondary municipal customers may need to upgrade to primary service to efficiently facilitate their solar projects; 2) TEP does not want its rate schedules to encumber the addition of solar projects by automatically precluding municipal customers from being eligible to receive primary service under PS-40; and 3) TEP's proposed change eliminates a negative consequence of installing a solar project, and as such, TEP views the proposal as an incentive to encourage municipals to pursue solar projects. At this time, TEP is aware of two planned municipal solar projects that require primary service options to proceed in a most cost-effective manner.

Staff believes that the Company's proposed revisions to schedule PS-40 would be a positive influence on the solar projects process. Staff, therefore, recommends that the Commission approve the Company's proposed revisions to rate schedule PS-40. Staff's recommendation is further supported by the following findings.

Fair Value-Related Matters

TEP has stated that there will be no consequential rate base-related investments made. TEP is of the opinion that the revenue erosion that will occur will not affect fair value. According to TEP, there will be no change in facilities cost either on a historical or replacement basis and the infrastructure requirements will remain unchanged.

Staff has concluded that there would be no impact on TEP's fair value rate base and rate of return.

Anticipated End-Users of PS-40 Solar-Generated Electricity

According to the Company, end users are expected to be government entities being served under PS-40. Typical load will include office building load and process load (e.g., waste water treatment). If available and pursuant to the net metering rules, TEP would purchase solar-generated power created by customers served under proposed schedule PS-40. Staff believes that TEP's comments indicate the Company's willingness to facilitate the implementation of new solar projects.

Net Metering Considerations

TEP states that "Net metering will be available to qualified customers, including qualified customers on Rate 40." The Company opines that all customers could be affected by the impact of solar production, in that such energy may replace energy that otherwise would have been provided by TEP. In addition, some customers may solar-generate electricity in excess of

THE COMMISSION November 4, 2009 Page 3

their own use, thereby making it necessary for the municipals to find buyers for their excess energy. Staff believes that TEP is attempting to realign its tariff's terms and conditions to better accommodate the resurgence in new solar projects and sellers of excess solar-generated power.

Rate Case Moratorium

Pursuant to Decision No. 70628, Section 10.1 of the Settlement Agreement imposed a rate case moratorium on TEP. Specifically Section 10.1:

"Except as otherwise expressly provided herein, TEP's base rates, as authorized in the Commission order approving this Agreement, shall remain frozen through December 31, 2012, and no Signatory will seek any change to TEP's base rates that would take effect before January 1, 2013."

Staff has reviewed this Section in conjunction with the application Staff believes the proposed revision as it relates to rate of return and revenues is *de minimus* and consistent with the Agreement.

Additional Staff Recommendations

Staff recommends that rate schedule PS-40 be approved effective December 1, 2009.

Furthermore, Staff recommends that TEP file tariff pages for the approved rate schedule PS-40 consistent with the Decision within 15 days from the effective date of the Decision.

Steven M. Olea

Director

Utilities Division

SMO:WHM:red\RM

ORIGINATOR: William H. Musgrove

45% Load Factor Scenario

Rate 13 vs. Rate 40 Excluding Base Power Supply	Rate 40 Ex	cluding Bas	e Power	Supply .				Rate 1
KW summer = KW winter =	Capacity 3,000 3,000	7 7 11 11	45% 45%	1,350 1,350		KWH =	972,000 972,000	W Y
SUMMER: CUST CHG	<u>LGS-13</u> 371.88	\$ 371.88		PS-40 0	м			SUMME
DEM CHG ENERGY*	10.352 0.025656	30,438.00 24,937.63		0 0.05753	0 55,919			ENERG
KW DISCOUNT TOTALS	0.206	55,748		0	0 55,919			TOTALS
DELTA *EXCLUDING BASE POWER CHARGE	SE POWER (CHARGE					2/1	DELIA *EXCLU
WINTER:	LGS-13 371.88	\$ 371.88		PS-40 0	&			WINTER CUST C
DEM CHG	10.352	30,438.0 0 23,240. 52		0 0.053159	0 51,671			ENERG
KW DISCOUNT	0.206	54,0 90		0	0 51,671			TOTALS
DELTA							\$ (2,380)	DELTA

	= 32,400 = 32,400		\$ (894)		\$ (874)
	KWH "	00.		00 2	2
	ຂວ	\$ 0 0 0 0 53 1,864	1,864	\$ 0 0 0 0 0 59 1,722	1,722
rer Supply	45% 45 45% 45	PS-40 0 0.05753		PS-40 0 0.053159	
Rate 10 vs. Rate 40 Excluding Base Power Supply	LF = 48 LF = 46	\$ 14 28.12 16.13	2,758	\$\\ 14\\ 25.63\\ 2,556.63\	2,596
Excluding	acity 100 100	4 88 8 7,2	2. ER CHARGE	GS-10 14 0.051252 0.080145 2,55	2
s. Rate 40	mer = 100	0.0	TOTALS DELTA •EXCLUDING BASE POWER CHARGE		
Rate 10 v	KW summer = KW winter =	SUMMER: CUST CHG ENERGY 1ST 500	TOTALS DELTA *EXCLUDING	WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	TOTALS
Г					

Kate 13 vs. Kate 40 including base rower Supply	ate 40 Inc	inding base	Lower	Supply				
KW summer =	Capacity 3,000	Н. Н	45%	1,350		KWH =	972,000	
KW winter =	3,000	#	45%	068,1			972,000	
SUMMER:	LGS-13	₩		PS-40	θ			
CUST CHG	371.88	371,48		0	0			
DEM CHG	10.352	30,438.00		0	0			
ENERGY*	0.05821	56,580.12		0.089775	87,261			
KW DISCOUNT	0.206			0	0			
TOTALS		87,390			87,261			
DELTA							\$ (129)	
*INCLUDING BASE POWER CHARGE	E POWER C	HARGE						
WINTER:	LGS-13	ક્સ		PS-40	co i			
CUST CHG	371.88	371.88		0	0			
DEM CHG	10.352	30,438.00		0	0			
ENERGY*	0.048964	47,593.01		0.077904	75,723			
KW DISCOUNT	0.206			0	٥			
TOTALS		78,40\$			75,723		į	
DELTA						!	\$ (2,680)	

Г	Rate 10 vs. Rate 40 Including Base Power Supply	te 40 Inclu	Iding Base	Power S	hddn				
_	;	Capacity	ļ.	ì	į		1 247	ć	. 6
	KW summer =	100	" 占	45%	42		L	32,400	2 :
	KW winter =	100	<u>무</u>	45%	45		= HMX	32,4	00
	SUMMER:	GS-10	∽ા		PS-40	ья			
	CUST CHG	4	4		0	0			
	ENERGY 1ST 500	0.087786	43.89		0	0			
	ENERGY OVER	0.116695	3,722.57		0.089775	2,909			
					0				
	TOTALS		3,780			2,909	•		į
_	DELTA						₩	=	(872)
	*INCLUDING BASE POWER CHARGE	POWER CHA	RGE						
	i L	0,00	e		07.20	¥			
	WIN IEK:	2	əl		01-01	э Э			
	CUST CHG	14	4		0	0			
_	ENERGY 1ST 500	0.075474	37.74		0	0			
	ENERGY OVER	0.104367	3,329.31		0.077904	2,524			
_					0				
	TOTALS		3,381			2,524			
	DELTA	!					\$		(857)
١									

*Annual Potential Savings =

*Negative Number = Customer Savings

\$ (16,853)

*Annual Potential Savings ≖

*Negative Number = Customer Savings

55% Load Factor Scenario

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																		_
		KWH = 1,188,000	KWH = 1,188,000							\$ 7,056								\$ 3.938
				બ	0	0	68,346	0	68,346			₩	٥	0	63,153	٥	63,153	
	· Supply	1,650	1,650	PS-40	0	0	0.05753	0				PS-40	0	0	0.053159	0		
	se Power	22%	22%															
and the second s	cluding Bas	<u>"</u>	규 "	ક્કા	371.88	30,438.00	30,479.33		61,289		HARGE	ક્સ	371.88	30,438.00	28,405.08		59,215	
	ate 40 Ex	Capacity 3,000	3,000	LGS-13	371.88	10.352	0.025656	0.206			SE POWER C	LGS-13	371.88	10.352	0.02391	0.206		
	Rate 13 vs. Rate 40 Excluding Base Power Supply	KW summer =	KW winter =	SUMMER:	CUST CHG	DEM CHG	ENERGY*	KW DISCOUNT	TOTALS	DELTA	*EXCLUDING BASE POWER CHARGE	WINTER:	CUST CHG	DEM CHG	ENERGY*	KW DISCOUNT	TOTALS	0E1 TA

	KWH = 39,600 KWH = 39,600		\$ (1,093)		\$ (1,068)
	X X	\$ 0 0, 2,278	2,278	\$ 0 2,105	2,105
Supply	55 55	PS-40 0 0 0.05753		PS-40 0 0 0.053159	
e Power	55% 55%				ļ
uding Bas	7 J	\$ 14 28.12 3,329.17	3,371 ARGE	\$ 14 25.63 3,133.67	3,173
te 40 Excl	100	GS-10 14 0.056236 0.085145	POWER CH	GS-10 14 0.051252 0.080145	
Rate 10 vs. Rate 40 Excluding Base Power Supply	KW summer = KW winter =	SUMMER: CUST CHG ENERGY 1ST 500 ENERGY OVER	TOTALS DELTA *EXCLUDING BASE POWER CHARGE	WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	TOTALS DELTA

		<u>.</u>						100,000
Rate 13 vs. Rate 40 Including Base Power Supply	ate 40 Inc	cluding Base	Power	Supply				Rate 10
	Capacity							
KW summer ≖	3,000	F.	22%	1,650		KWH ≝	1,188,000	KW su
KW winter =	3,000	<u>.</u> F =	22%	1,650		± KWH =	1,188,000	Š —
SUMMER:	LGS-13	€9		PS-40	₩			SUMMER
CUST CHG	371.88	371.88		0	0			CUST CHO
DEM CHG	10.352	30,438.00		0	0			ENERGY 1
ENERGY*	0.05821	69,153.48		0.089775 106,653	106,653			ENERGY
KW DISCOUNT	0.206			0	0			
TOTALS		99,963			106,653			TOTALS
DELTA							\$ 6,689	DELTA
*INCLUDING BASE POWER CHARGE	SE POWER C	HARGE						*INCLUDIN
WINTER	1.68-13	65		PS-40	69			WINTER
CUST CHG	371.88	371.88		0	0			CUST CHO
DEM CHG	10.352	30,438.00		0	0			ENERGY
ENERGY*	0.048964	58,169.23		0.077904	92,550			ENERGY
KW DISCOUNT	0.206			0	0			
TOTALS		88,979			92,550			TOTALS
DELTA							\$ 3,571	DELTA

Kate 10 vs. Kate 40 Including Base Power Supply	Canacity	iding base i	- ower	hiddn				
KW summer =	100	7 - 1 - 1 -	55%	55 7.7		KWH =	39,600	
AVV WILLET I	25.10	υ -	8	PS-40	64		200	
CUST CHG	4	4 4			0			
ENERGY 1ST 500	0.087786	43.89		0	0			
ENERGY OVER	0.116695	4,562.77		0.089775 0	3,555			
TOTALS		4,621			3,555			
DELTA						ሪን	(1,066)	
*INCLUDING BASE POWER CHARGE	POWER CHA	RGE						
WINTER:	GS-10	so l		PS-40	ь			
CUST CHG	14	4		0	0			
ENERGY 1ST 500	0.075474	37.74		0	0			
ENERGY OVER	0.104367	4,080.75		0.077904 0	3,085			
TOTALS		4,132			3,085			
DELTA				:		€7	\$ (1,047)	

65% Load Factor Scenario

Rate 13 vs. F	Rate 40 Ex	Rate 13 vs. Rate 40 Excluding Base Power Supply	Power	Supply					Rat
KW summer =	Capacity 3,000	- <u>-</u>	65%	1,950		KWH=	KWH = 1,404,000		~
KW winter =	3,000	F ⊨	%59	1,950		KWH =	1,404,000		
SUMMER:	LGS-13	८३ ।		PS-40	છ				SUM
CUST CHG	371.88	371.88		0	0				COS
DEM CHG	10.352	30,438.00		0	0				ENE
ENERGY*	0.025656	36,021.02		0.05753	80,772			,	ENE
KW DISCOUNT	0.206			0	0				
TOTALS		66,831			80,772				101
DELTA							\$ 13,941		딢
*EXCLUDING BASE POWER CHARGE	SE POWER (CHARGE							ŤĚ
								_	
WINTER:	LGS-13	ક્સ		PS-40	₩				ž
CUST CHG	371.88	371.88		0	0				Sno
DEM CHG	10.352	30,438.00		0	0				ENE
ENERGY*	0.02391	33,569.64	_	0.053159	74,635				ENE
KW DISCOUNT	0.206			0	0				
TOTALS		64,380			74,635				T01/
DELTA							\$ 10,256		DELI

	46,800 46,800		(1,292)		\$ (1,262)
	KWH =		₩		ь
		\$ 0 0,692	2,692	\$ 0 2,488	2,488
Supply	65 65	PS-40 0 0 0.05753		PS-40 0 0 0.053159	
Power	65% 65%				
uding Base	H H	\$ 14 28.12 3,942.21	3,984 ARGE	\$ 14 25.63 3,710.71	3,750
te 40 Excl	Capacity 100 100	GS-10 14 0.056236 0.085145	POWER CH	GS-10 14 0.051252 0.080145	
Rate 10 vs. Rate 40 Excluding Base Power Supply	KW summer = KW winter =	SUMMER: CUST CHG ENERGY 1ST 500 ENERGY OVER	TOTALS DELTA *EXCLUDING BASE POWER CHARGE	WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	TOTALS DELTA

Rate 13 vs. Rate 40 Including Base Power Supply	ate 40 Inc	luding Base	Power	Supply				
KW summer =	Capacity 3,000	F =	%59	1,950		KWH=	1,404,000	
KW winter =	3,000	.F.=	65%	1,950		KWH ≡	1,404,000	
SUMMER:	LGS-13	ક્કા		PS-40	ક્સ			
CUST CHG	371.88	371.88		0	0			
DEM CHG	10.352	30,438.00		0	0			
ENERGY*	0.05821	81,726.84		0.089775 126,044	126,044	٠		
KW DISCOUNT	0.206			0	0			
TOTALS		112,537			126,044			
DELTA							\$ 13,507	
*INCLUDING BASE POWER CHARGE	E POWER C	HARGE						
WINTER	1.68-13	€.		PS-40	es			
CUST CHG	371.88	371.88		0	,			
DEM CHG	10.352	30,438.00		0	0			
ENERGY*	0.048964	68,745.46		0.077904 109,377	109,377			
KW DISCOUNT	0.206			0	0			
TOTALS		99,555			109,377			-
DELTA							\$ 9,822	

ower Supply	65% 65 KWH = $46,800$	65% 65 KWH= 46,800	PS-40 \$	0 0	0 0	0.089775 4.201 0	4,201	\$ (1,259)		PS-40 \$	0 0	0 0	0.077904 3,646	0	3,646	\$ (1,238)
e 40 Including Bas _{Capacit} y	100 LF =	100 LF=	GS-10 \$	14 14	0.087786 43.89	0.116695 5,402.98	5,461		ER CHARGE	GS-10 \$	14 14	0.075474 37.74	0.104367 4,832.19		4,884	
Rate 10 vs. Rate 40 Including Base Power Supply	KW summer =	KW winter =	SUMMER: GS	CUST CHG	ENERGY 1ST 500 0.0	ENERGY OVER 0.1	TOTALS	DELTA	*INCLUDING BASE POWER CHARGE	WINTER:	CUST CHG	ENERGY 1ST 500 0.0	ENERGY OVER 0.1		TOTALS	DELTA

BEFORE THE ARIZONA CORPORATION COMMISSION 1 2 KRISTIN K. MAYES Chairman **GARY PIERCE** 3 Commissioner PAUL NEWMAN 4 Commissioner SANDRA D. KENNEDY 5 Commissioner **BOB STUMP** 6 Commissioner 7 DOCKET NO. E-01933A-07-0402 IN THE MATTER OF TUCSON ELECTRIC) 8 POWER COMPANY'S PROPOSED 9 **REVISIONS TO PRICING PLAN PS-40** DOCKET NO. E-01933A-05-0650 MUNICIPAL SERVICE 10 DECISION NO. _____ 11 **ORDER** 12 13 Open Meeting November 19 and 20, 2009 14 Phoenix, Arizona 15 16 BY THE COMMISSION: FINDINGS OF FACT 17 Tucson Electric Power Company ("TEP" or "Company") is certificated to provide 18 1. electric service as a public service corporation in the State of Arizona. 19 On June 12, 2009, TEP docketed proposed revisions to its existing Pricing Plan PS-20 2. 40 Municipal Service tariff ("PS-40"). The proposed revisions would allow qualifying municipal 21 customers to receive electric service at primary voltage levels under PS-40. 22

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by customers with large power requirements (e.g. demands greater than 2,500 kW).

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5. At 45 percent load factor, Attachment 1 illustrates potential annual savings in the amount of approximately \$16,800 and \$10,300 for LGS-13 and GS-10 municipal customers, respectively if they move to PS-40. Annual savings for municipal customers are modest at best, and depending on load factor, municipal customers may incur annual revenue "losses" (Attachment 2). Therefore, Staff asked TEP to identify factors, other than potential modest revenue savings, that would motivate existing and prospective municipal customers to choose PS-40 over General Service schedules 13 and 10. TEP's responses are discussed in detail below.

Staff's Findings and Recommendations

6. TEP's responses to Staff's data requests provided the data contained in the above referenced Attachments 1 and 2. In addition to the potential annual savings discussed above, TEP offered the following insight into the reasons TEP proposed adding a primary service option to PS-40: 1) current secondary municipal customers may need to upgrade to primary service to efficiently facilitate their solar projects; 2) TEP does not want its rate schedules to encumber the addition of solar projects by automatically precluding municipal customers from being eligible to receive primary service under PS-40; and 3) TEP's proposed change eliminates a negative consequence of installing a solar project, and as such, views the proposal as an incentive to encourage municipals to pursue solar projects. At this time, TEP is aware of two planned municipal solar projects that require primary service options to proceed in a most cost-effective

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27 28 7. Staff believes that the Company's proposed revisions to schedule PS-40 would be a positive influence on the solar projects process. Staff, therefore, has recommended that the Commission approve the Company's proposed revisions to rate schedule PS-40. Staff's

recommendation is further supported by the following findings.

Fair Value-Related Matters

- 8. TEP has stated that there will be no consequential rate base-related investments made. TEP is of the opinion that the revenue erosion that will occur will not affect fair value. According to TEP, there will be no change in facilities cost either on a historical or replacement basis and the infrastructure requirements will remain unchanged.
- 9. Staff has concluded that there would be no impact on TEP's fair value rate base and rate of return.

Anticipated End-Users of PS-40 Solar-Generated Electricity

- 10. According to the Company, end users are expected to be government entities being served under PS-40. Typical load will include office building load and process load (e.g., waste water treatment). If available and pursuant to the net metering rules, TEP would purchase solar-generated power created by customers served under proposed schedule PS-40.
- 11. Staff believes that TEP's comments indicate the Company's willingness to facilitate the implementation of new solar projects.

Net Metering Considerations

- 12. TEP states that "Net metering will be available to qualified customers, including qualified customers on Rate 40." The Company opines that all customers could be affected by the impact of solar production, in that such energy may replace energy that otherwise would have been provided by TEP. In addition, some customers may solar-generate electricity in excess of their own use, thereby making it necessary for the municipals to find buyers for their excess energy.
- 13. Staff believes that TEP is attempting to realign its tariff's terms and conditions to better accommodate the resurgence in new solar projects and sellers of excess solar-generated power.

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Rate Case Moratorium

14. Pursuant to Decision No. 70628, Section 10.1 of the Settlement Agreement imposed a rate case moratorium on TEP. Specifically Section 10.1:

"Except as otherwise expressly provided herein, TEP's base rates, as authorized in the Commission order approving this Agreement, shall remain frozen through December 31, 2012, and no Signatory will seek any change to TEP's base rates that would take effect before January 1, 2013."

15. Staff has reviewed this Section in conjunction with the application Staff believes the proposed revision as it relates to rate of return and revenues is *de minimus* and consistent with the Agreement.

Additional Staff Recommendations

- 16. Staff has also recommended that rate schedule PS-40 be approved effective December 1, 2009.
- 17. Furthermore, Staff has recommended that TEP file tariff pages for the approved rate schedule PS-40 consistent with the Decision within 15 days from the effective date of the Decision.

CONCLUSIONS OF LAW

- 1. Tucson Electric Power Company is a public service corporation within the meaning of Article XV, Section 2 of the Arizona Constitution.
- 2. The Commission has jurisdiction over Tucson Electric Power Company and the subject matter of the application.
- 3. Approval of Tucson Electric Power Company's Pricing Plan PS-40 Municipal Service in this application does not constitute a rate increase as contemplated in A.R.S. Section 40-250.
- 4. The Commission, having reviewed the application and Staff's Memorandum dated November 4, 2009, concludes that it is in the public interest to approve the Tucson Electric Power Company's proposed Pricing Plan PS-40 Municipal Service as discussed herein.

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Decision No.

DISSENT:

SMO:WHM:red/RM

ORDER

IT IS THEREFORE ORDERED that Tucson Electric Power Company's proposed Pricing Plan PS-40 Municipal Service as revised and discussed herein is approved.

IT IS FURTHER ORDERED that Pricing Plan PS-40 Municipal Service, as approved, shall become effective December 1, 2009.

IT IS FURTHER ORDERED that Tucson Electric Power Company file tariff pages for the approved Pricing Plan PS-40 Municipal Service consistent with the Decision in this matter within 15 days from the effective date of the Decision.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN	COMIN	IISSIONER
COMMISSIONER	COMMISSIONER	COMMISSIONER
	Executive Director of the A have hereunto, set my han this Commission to be affi	F, I, ERNEST G. JOHNSON, Arizona Corporation Commission, and and caused the official seal of xed at the Capitol, in the City of, 2009.
	ERNEST G. JOHNSON EXECUTIVE DIRECTOR	
DISSENT:		

Docket Nos. E-01933A-07-0402 E-01933A-05-0650

Decision No.

t t	
1	SERVICE LIST FOR: DOCKET NOS. E-01933A-07-0402 and E-01933A-05-0650
2	DOCKET NOS. E-01955A-07-0402 and E-01955A-05-0050
3	
4	Mr. Phil Dion Regulatory Counsel
5	Tucson Electric Power Company
6	One South Church Avenue, Suite 200 Tucson, Arizona 85701
7	Mr. Michael Patten
8	Roshka DeWulf & Patten, PLC One Arizona Center
9	400 East Van Buren Street, Suite 800 Phoenix, Arizona 85004
10	Mr. Steven M. Olea
11	Director, Utilities Division
12	Arizona Corporation Commission 1200 West Washington Street
13	Phoenix, Arizona 85007
14	Ms. Janice M. Alward Chief Counsel Legal Division
15	Chief Counsel, Legal Division Arizona Corporation Commission
16	1200 West Washington Street Phoenix, Arizona 85007
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45% Load Factor Scenario

												12/19/19				
Rate 13 vs. Rate 40 Excluding Base Power Supply	e 40 Exc	luding Bas	e Power	Supply				Rate 10 vs. Rate 40 Excluding Base Power Supply	te 40 Excit	ıdıng base r	ower or	hhh				
KW summer = KW winter =	Capacity 3,000 3,000	# # # #	45% 45%	1,350		KWH =	972,000 972,000	KW summer = KW winter =	100 100	г. н н	45% 45%	4 4 3 5		KWH II	32,400 32,400	
	371.88 10.352	\$ 371.88 30,438.00 24.937.63		PS-40 0 0 0.05753	\$ 0 0 55,919			SUMMER: CUST CHG ENERGY 1ST 500 ENERGY OVER	GS-10 14 0.056236 0.085145	\$ 14 28.12 2,716.13		PS-40 0 0 0.05753	\$ 0 0,1,864			
UNT		55,748		0	0 55,919			TOTALS		2,758			1,864	₩	(894)	
DELTA *EXCLUDING BASE POWER CHARGE	POWER CH	HARGE					7/1	*EXCLUDING BASE POWER CHARGE	POWER CHA	ARGE						
WINTER: L'CUST CHG DEM CHG	16S-13 371.88 10.352	\$ 371.88 30,438.00 23.240.52		PS-40 0 0.053159	\$ 0 0 51,671			WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	GS-10 14 0.051252 0.080145	\$ 14 25.63 2,556.63	-· o	PS-40 0 0 0.053159	\$ 0 1,722			
DUNT	0.206	54,050		0	0 51,671		\$ (2,380)	TOTALS DELTA	·	2,596			1,722		\$ (874)	1
Date 13 vs. Rate 40 Including Base Power Supply	40 lpc	Indina Base	e Power	Supply				Rate 10 vs. Rate 40 Including Base Power Supply	ite 40 Inch	nding Base F	ower S	ƙlddr				

Rate 13 vs. Rate 40 Including Base Power Supply	ate 40 in	cluding Base	e Power	Supply				Rate 10 vs. Rate 40 Including Base	te 40 Inclu	ding Base
KW summer = KW winter =	3,000 3,000 3,000	# H	45% 45%	1,350		KWH =	972,000 972,000	KW summer = KW winter =	100	44
	10,352 10,352	\$ 371.88 30,438.00 56.580.12		PS-40 0 0 0 0.089775	\$ 0 0 87,261			SUMMER: CUST CHG ENERGY 1ST 500 ENERGY OVER	GS-10 14 0.087786 0.116695	\$ 14 43.89 3,722.57
KW DISCOUNT 0.2 TOTALS DELTA	0.206 E POWER C	906 87,390 ER CHARGE		0	0 87,261		\$ (129)	TOTALS DELTA "INCLUDING BASE POWER CHARGE	POWER CHA	3,780 3GE
WINTER: CUST CHG CDEM CHG	10.352 0.048964	\$ 371.88 30,438.00 47,593.01		PS-40 \$ 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	\$ 0 0 75,723			WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	GS-10 14 0.075474 0.104367	\$ 14 3,329.31
DUNT	0.206	78,403	•	0	0 75,723		\$ (2,680)	TOTALS DELTA		3,381
Decino O *Annual Potential Savings	Savings =						\$ (16,853)	*Annual Potential Savings =	avings =	
								*Negative Number = Customer Savings	ber = Custome	r Savings

(872)

2,909 2,909

0.089775

32,400 32,400

KWH ≈ KWH =

45 45

45% 45%

PS-40

-0402/05-0650

(857)

2,524 2,524

0.077904

PS-40

*Negative Number = Customer Savings

*Negative Number = Customer Savings

55% Load Factor Scenario

Rate 13 vs. Rate 40 Excluding Base Power Supply	Rate 40 Ex	ccluding Bas	e Powe	r Supply				Rate 10 vs. Rate 40 E	te 40 E
	Capacity	ا) با 	A59%	1 650		KWH = 1 188 000	000	KW summer =	Capacit 10
אין אחווווווווי	2,000	ا آ .	200	2 5		7,007		KW winter =	10
KW winter =	3,000	" -	22%	0c9,r		NVV = 1,100,000	200	I ION AND	2
SUMMER:	LGS-13	(A)		PS-40	ь			SUMMER:	GS-10
CUST CHG	371.88	371.88		0	0			CUST CHG	
DEM CHG	10.352	30,438.00		0	0			ENERGY 1ST 500	0.0562
ENERGY*	0.025656	30,479.33		0.05753	68,346			ENERGY OVER	0.0851
KW DISCOUNT	0.206			0	0				
TOTALS		61,289			68,346			TOTALS	
DELTA						.,	7,056	DELTA	
*EXCLUDING BASE POWER CHARGE	SE POWER	CHARGE						*EXCLUDING BASE POWER	POWER
					,			i I	,
WINTER:	<u>LGS-13</u>	₩		PS-40	땅			WIN FER	5
CUST CHG	371.88	371.88		0	٥		_	CUST CHG	
DEM CHG	10.352	30,438.00		0	0			ENERGY 1ST 500	0.0512
ENERGY*	0.02391			0.053159	63,153			ENERGY OVER	0.0801
KW DISCOUNT	0.206			0	٥				
TOTALS		59,215			63,153			TOTALS	
DELTA						\$ 3,938	938	DELTA	

	= 39,600 = 39,600		\$ (1,093)		\$ (1,068)
	KWH KWH	00 8	æ	00 g	5
		\$ 0 0 0 0 3 2,278	2,278	\$ 0 0 0 9 2,105	2,105
r Supply	55	PS-40 0 0.05753		PS-40 0 0.053159	
se Powe	55% 55%				į
luding Ba	л Н Н	\$ 14 28.12 3,329.17	3,371 IARGE	\$ 14 25.63 3,133.67	3,173
te 40 Exc	100	GS-10 14 0.056236 0.085145	POWER CH	GS-10 14 0.051252 0.080145	
Rate 10 vs. Rate 40 Excluding Base Power Supply	KW summer = KW winter =	SUMMER: CUST CHG ENERGY 1ST 500 ENERGY OVER	3 DELTA *EXCLUDING BASE POWER CHARGE	WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	TOTALS DELTA

Rate 10 vs. Rate 40 Including Base P	KW summer = 100 LF = KW winter = 100 LF =	SUMMER: GS-10 \$ 14 14 14 14 14 14 14 14 14 14 14 14 14	WINTER: GS-10 \$ 14 14 14 14 14 14 14 14 14 14 17 17 17 17 17 17 17 17 17 17 17 17 17
	KWH = 1,188,000 KWH = 1,188,000	\$ 6.689	\$ 3,571
		\$ 0 106,653 106,653	\$ 0 0 92,550 0 92,550
Supply	1,650 1,650	PS-40 0 0 0.089775 106,653 0	PS-40 \$ 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
e Power	55% 55%		
including Base Power Supply	H H	\$371.88 30.438.00 69,153.48 99,963 CHARGE	\$ 371.88 30,438.00 58,169.23 88,979
	3,000		LGS-13 371.88 10.352 0.048964 0.206
Rate 13 vs. Rate 40	KW summer = KW winter =	SUMMER: LGS-13 CUST CHG 371.86 DEM CHG 10.35 ENERGY* 0.05821 KW DISCOUNT 0.206 TOTALS DELTA	CVINTER: SCUST CHG CDEM CHG DENBERGY TRW DISCOUNT TOTALS

= 1,188,000 KW sum = 1,188,000 KW w SUMMER: CUST CHG ENERGY 18		Capacity	Capacity						_
SUMME CUST CI ENERGY	KW winter =	90 1	# # # #	55% 55%	55 55		KWH ==	39,600 39,600	
	SUMMER: CUST CHG ENERGY 1ST 500 ENERGY OVER	GS-10 14 0.056236 0.085145	\$ 14 28.12 3,329.17		PS-40 0 0 0.05753	\$ 0 0 2,278			
\$ 7,056 DELTA	3 DELTA •EXCLUDING BASE POWER CHARGE	POWER CHA	3,371 .RGE			2,278	↔	(1,093)	
WINTER: CUST CHG ENERGY 18	WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	GS-10 14 0.051252 0.080145	\$ 14 25.63 3,133.67	J	PS-40 0 0 0.053159	\$ 0 2,105			
\$ 3,938 DELTA	LS A		3,173			2,105		\$ (1,068)	
= 1,188,000 KW s	te 10 vs. Rat KW summer = KW winter =	te 40 Inclu Capacity 100 100	Rate 10 vs. Rate 40 Including Base Power Supply Capacity KW summer = 100 LF = 55% 5 KW winter = 100 LF = 55% 5	55% 55% 55%	upply 55 55		KWH #	39,600 39,600	
SUMMER: CUST CHG ENERGY 16 ENERGY 05	SUMMER: GS-10 14 14 14 14 14 14 14 14 14 14 15 15 10 10 18 18 18 18 18 18 18 18 18 18 18 18 18	GS-10 14 0.087786 0.116695	\$ 14 43.89 4,562.77 4,621	-	PS-40 0 0 0.089775	\$ 0 3,555 3,555 3,555		\$ (1,066)	Docket Nos. E-
WINTER: CUST CHG ENERGY 15	WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	GS-10 14 0.075474 0.104367	\$ 14 37.74 4,080.75		PS-40 0 0.077904	\$ 0 0,085			01933A-07-
\$ 3,571 DELTA	LS A		4,132			3,085		\$ (1,047)	0407

65% Load Factor Scenario

Rate 13 vs. R	tate 40 Ex	Rate 13 vs. Rate 40 Excluding Base Power Supply	Power	Supply .				Kate 10
	Capacity							
KW summer =	3,000	-F-	65%	1,950		KWH=	KWH = 1,404,000	KW sur
KW winter =	3,000	# H	65%	1,950		KWH =	1,404,000	<u></u>
SUMMER.	GS-13	€:		PS-40	69			SUMMER
CUSTONS	371.88	371.88		0	0			CUST CHG
DEM CHG	10.352	30,438.00		0	0			ENERGY 1
ENERGY*	0.025656	36,021.02		0.05753	80,772			ENERGY C
KW DISCOUNT	0.206			0	0		-	
TOTALS		66,831			80,772			TOTALS
DELTA							\$ 13,941	DELTA
*EXCLUDING BASE POWER CHARGE	SE POWER (CHARGE						*EXCLUDIR
							7	
WINTER:	LGS-13	49		PS-40	ક્સ			WINTER
CUSTICHG	371.88	371.88		0	0			CUST CHO
DEM CHG	10.352	30.438.00		0	0			ENERGY 1
ENERGY*	0.02391	33,569.64		0.053159	74,635			ENERGY
KW DISCOUNT	0.206			0	0			
TOTALS		64,380			74,635			TOTALS
DFITA							\$ 10,256	DELTA

	000		(1,292)		262)
	46,800 46,800		(1,2		\$ (1,262)
	KWH ⊪		€9		€\$
		\$ 0 0,2,692	2,692	\$ 0 2,488	2,488
Supply	65 65	PS-40 0 0.05753		PS-40 0 0.053159	
Power	65% 65%				
uding Base	7 7 7 7 8 8	\$ 14 28.12 3,942.21	3,984 ARGE	\$ 14 25.63 3,710.71	3,750
te 40 Excl	100	GS-10 14 0.056236 0.085145	POWER CH	GS-10 14 0.051252 0.080145	
Rate 10 vs. Rate 40 Excluding Base Power Supply	KW summer = KW winter =	SUMMER: CUST CHG ENERGY 1ST 500 ENERGY OVER	3 DELTA *EXCLUDING BASE POWER CHARGE	WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER	TOTALS DELTA
$\overline{\Box}$					

Rate 13 vs. Rate 40 Including Base Power Supply	ate 40 Inc	Sluding Base	Power	Supply				Rate '	Rate 10 vs. Rai
KW summer ≈ KW winter =	Capacity 3,000 3,000	11 H	65% 65%	1,950 1,950		KWH KWH ⊪	KWH = 1,404,000 KWH = 1,404,000	 § ∠	KW summer = KW winter =
SUMMER: LGS-13 \$7 CUST CHG 371.88 37 CUST CHG 371.88 37 CUST CHG 10.352 30,436 ENERGY* 0.05821 81,726 KW DISCOUNT 0.206 112, DELTA 110,000 BASE POWER CHARGE	LGS-13 371.88 10.352 0.05821 0.206	\$71.88 30,438.00 81,726.84 112,537		95.40 0 0 0.089775 126.044 0 126,044	\$ 0 126,044 126,044		\$ 13,507	SUMMER: CUST CHG ENERGY 18 ENERGY OF TOTALS DELTA	SUMMER: CUST CHG ENERGY 1ST 500 ENERGY OVER TOTALS: DELTA
DAINTER: COUST CHG SPEEM CHG SENERGY* KW DISCOUNT CHOTALS	LGS-13 371.88 10.352 0.048964 0.206	\$ 371.88 30,438.00 68,745.46 99,555		PS-40 \$ 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	\$ 0 109,377 0 109,377		\$ 9,822	WINTER: CUST CHG ENERGY 18 ENERGY O' TOTALS DELTA	WINTER: CUST CHG ENERGY 1ST 500 ENERGY OVER TOTALS